

Special Inspector General for Iraq Reconstruction

About SIGIR



Congress created SIGIR as a temporary organization to provide independent oversight of the Iraq Relief and Reconstruction Fund by:

- promoting economy, efficiency, and effectiveness in the administration of programs and operations
- preventing and detecting waste, fraud, and abuse in such programs and operations
- keeping the Secretary of State and Secretary of Defense informed about problems and deficiencies relating to administration of programs and operations and about recommendations for corrective action

Inspector General Stuart W. Bowen, Jr., was appointed in late January 2004. This past August, the IG made his ninth trip to Iraq to review progress on the reconstruction effort.

KEY THEMES

SIGIR focuses on these key themes in this Quarterly Report to Congress:

- Reconstruction Gap
- Sustainment
- Cost to Complete
- Integrated Information Systems
- Anticorruption

HIGHLIGHTS: SIGIR October 2005 Quarterly Report

More than 1800 reconstruction projects have been completed across Iraq since 2003, in a dangerous environment that has claimed 412 contractor lives. Since January 2004, SIGIR has completed 33 audit reports -- 10 during this last quarter -- and 15 more are underway in Baghdad. SIGIR has 15 criminal investigators in Iraq and Virginia, who are handling 54 cases involving allegations of theft, false claims, bribery, and fraud. And SIGIR inspectors continue to visit reconstruction sites across Iraq to check on the work being done with taxpayer dollars. As of October 2005, 79% of the Iraq Relief and Reconstruction Fund (IRRF) had been obligated.

Reconstruction Gap Impacts U.S. Goals in Iraq: In this Quarterly Report, SIGIR draws attention to an issue it has identified as the *reconstruction gap*, which is the difference between the number of projects that the U.S. originally proposed to build and the number of projects that the U.S. will ultimately complete. The gap stems from increased spending on security needs, higher costs of materials, added expenditures from project

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Completed SIGIR Final Audit Products since July 30, 2005*

Report Number	Report Title	Date Issued
SIGIR 05-013	Controls over Equipment Acquired by Security Contractors	September 9, 2005
SIGIR 05-019	Attestation Engagement Report concerning the Award of Non-competitive Contract DACA63-03-D-0005 to Kellogg, Brown and Root Services, Inc.	September 30, 2005
SIGIR 05-014	Management of Commander's Emergency Response Program for Fiscal Year 2004	October 13, 2005
SIGIR 05-018	Acquisition of Armored Vehicles Purchased through Contract W914NS-05-M-1189	October 21, 2005
SIGIR 05-022	Managing Sustainment for Iraq Relief and Reconstruction Fund Programs	October 24, 2005
SIGIR 05-021	Management of Iraq Relief and Reconstruction Fund Programs—Cost-to-Complete Estimate Reporting	October 24, 2005
SIGIR 05-015	Management of Rapid Regional Response Program Grants in South-Central Iraq	October 25, 2005
SIGIR 05-017	Award Fee Process for Contractors Involved in Iraq Reconstruction	October 25, 2005
SIGIR 05-016	Management of the Contracts and Grants Used To Construct and Operate the Babylon Police Academy	October 26, 2005
SIGIR 05-020	Management of the Contracts, Grant, and Micro-purchases Used To Rehabilitate the Karbala Library	October 26, 2005

*For complete text of audits, visit the SIGIR Web site at <http://www.sigir.mil>

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delays, cost overruns, multiple reprogrammings of reconstruction priorities, and necessary spending for sustainment. The existence of the gap simply means that the completion of the U.S.-funded portion of Iraq's reconstruction will leave many planned projects on the drawing board.

Iraq Reconstruction Management Improving—10 New SIGIR Audits Find Progress: During this quarter, SIGIR conducted audits on sustainability and cost to complete. SIGIR recommended the appointment of a sustainment coordinator for IRRF projects. SIGIR also recommended the continuing development of comprehensive cost-to-complete estimates for ongoing reconstruction projects. The Iraq Reconstruction Management Office (IRMO) responded by creating an office to lead coordinated sustainment efforts

and has developed a plan to provide timely and accurate cost-to-complete data on a monthly basis.

SIGIR Urges Anticorruption Summit: SIGIR believes that success in Iraq depends in part on the development of strong anticorruption institutions in Iraq's government. To this end, SIGIR has suggested that the Ambassador conduct an Anticorruption Summit to emphasize U.S. support for the anticorruption initiative. On the operational front, SIGIR has finalized a mutually beneficial Memorandum of Understanding with Iraq's Commission on Public Integrity to share investigative leads and other information. SIGIR is encouraged by Department of State efforts to reconstitute the Anticorruption Working Group, which will further support the anticorruption initiative.

SIGIR Engineering Assessment Ups Iraqi Oil Potential

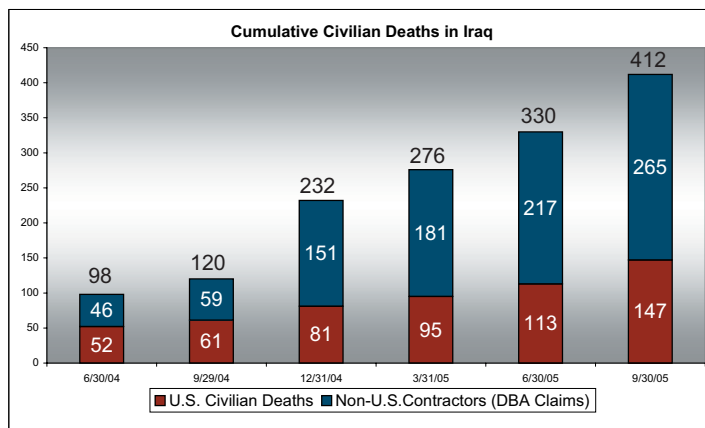
During a SIGIR inspection of a river pipeline crossing project, SIGIR recommended a modification to the pipeline that will substantially increase the potential flow of crude oil in this pipeline system. The oil flow could increase by more than 50% and may potentially result in millions in additional oil revenues for Iraq.



Lessons Learned

In September, SIGIR held its first Lessons Learned Forum, on human capital, as part of a greater effort to coordinate integrated recommendations for improved policies, procedures, and implementation strategies.

Death Claims Surge: 412 Contractors Killed since Start of Iraq Reconstruction



Assessment Teams Add Value

SIGIR's project assessment program inspected 12 project sites this quarter, including electricity, hospital, water, and transportation facilities. Although SIGIR did identify some deficiencies, SIGIR generally found that most of the projects reflect quality workmanship that meets contract specifications. Regarding the electrical projects SIGIR inspected, SIGIR urged more work on the goal of sustainability to ensure that what has been built with U.S. funds is properly utilized and maintained.